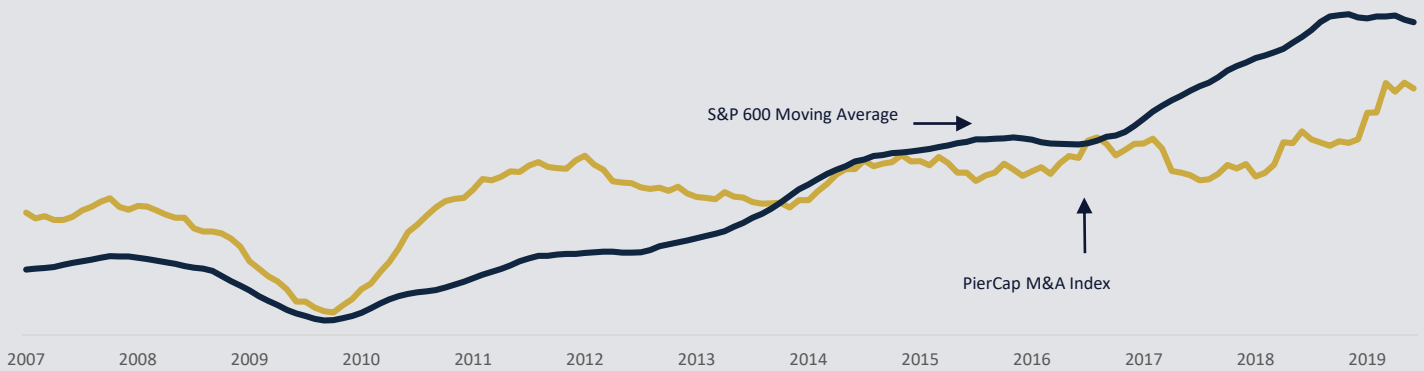


M&A MIDDLE MARKET INSIGHTS – JUNE 2019

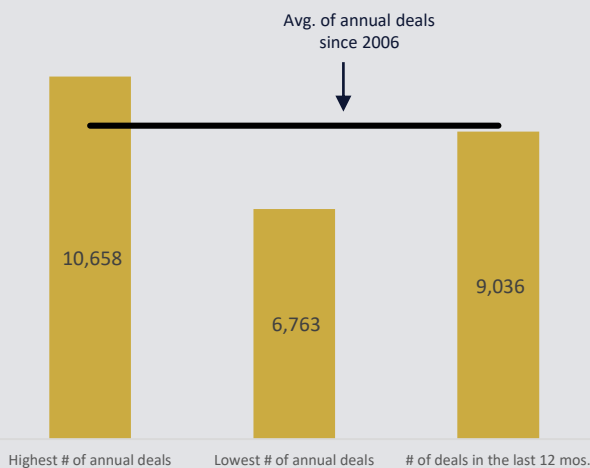
M&A INDEX REACHES NEW HIGHS IN 1H 2019

➤ PierCap's Middle Market Index

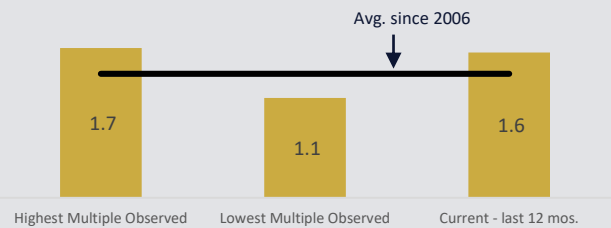


STRONG VOLUME, MULTIPLES EXCEED HISTORICAL AVERAGES

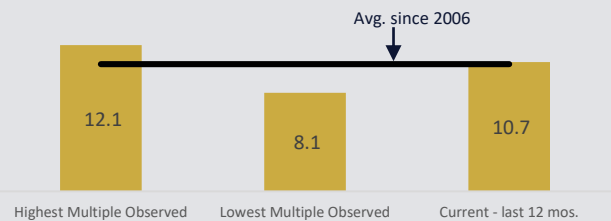
➤ All M&A Transaction Volumes



➤ Middle Market M&A Revenue Multiples

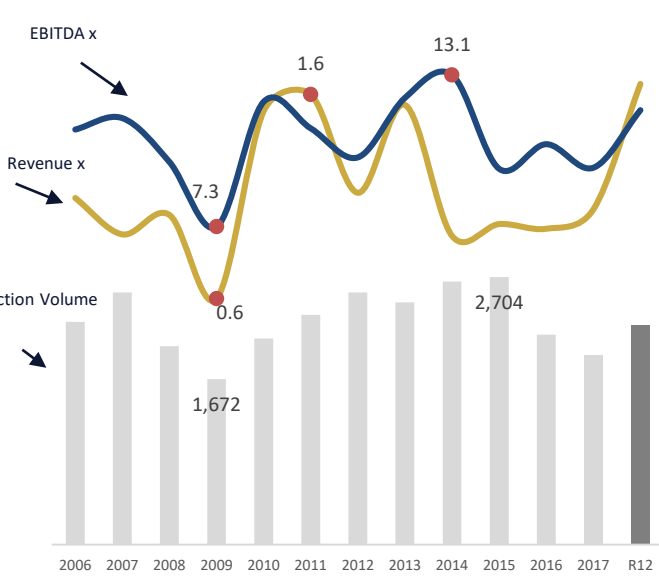


➤ Middle Market M&A EBITDA Multiples

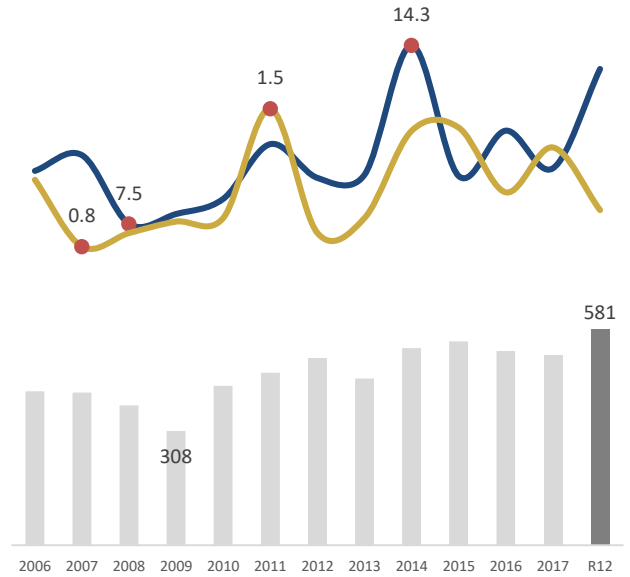


2006 ONWARDS – VOLUME AND PRICING TRENDS ACROSS SECTORS

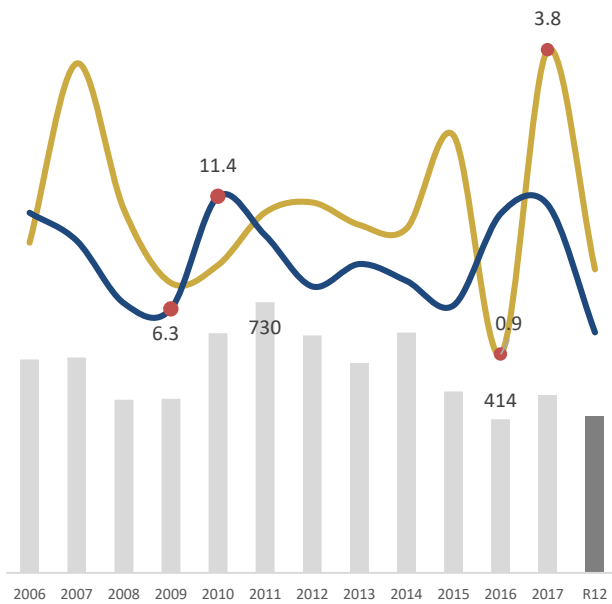
Consumer Discretionary



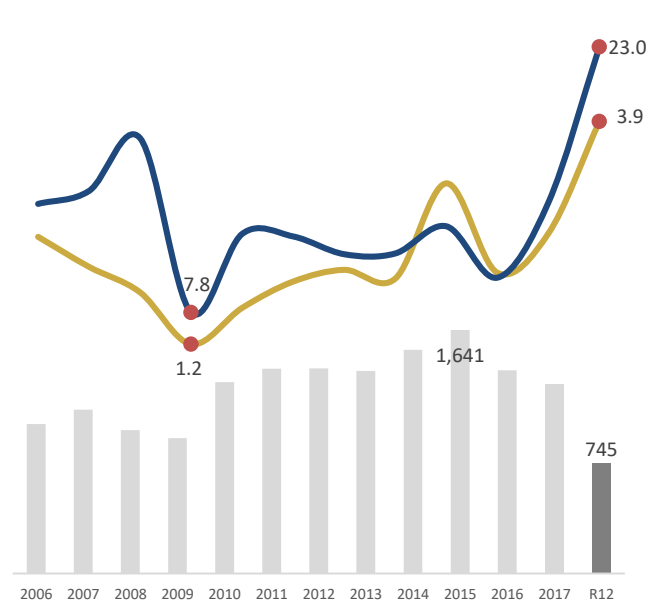
Consumer Staples



Energy



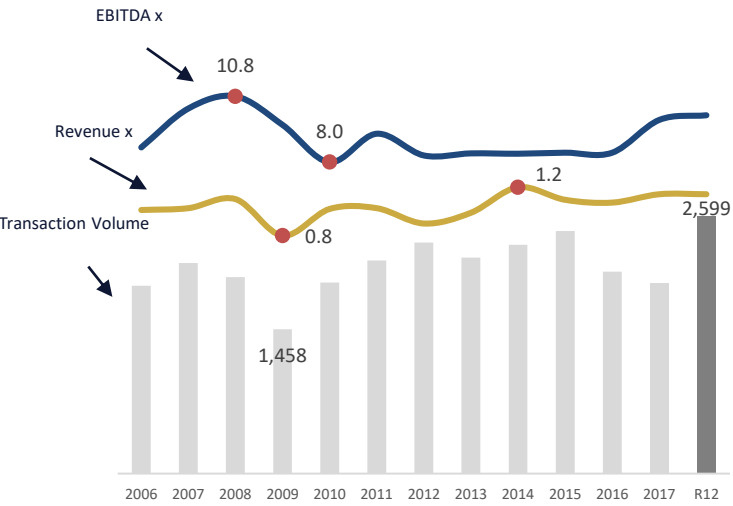
Healthcare



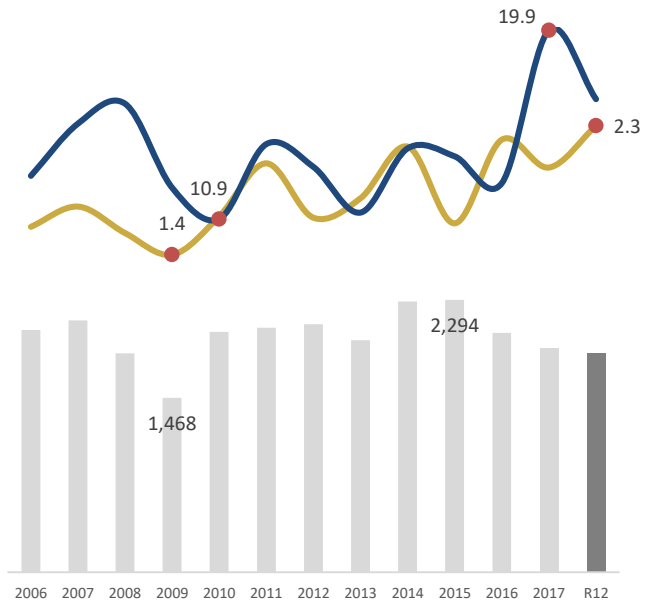
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2006 ONWARDS – VOLUME AND PRICING TRENDS ACROSS SECTORS

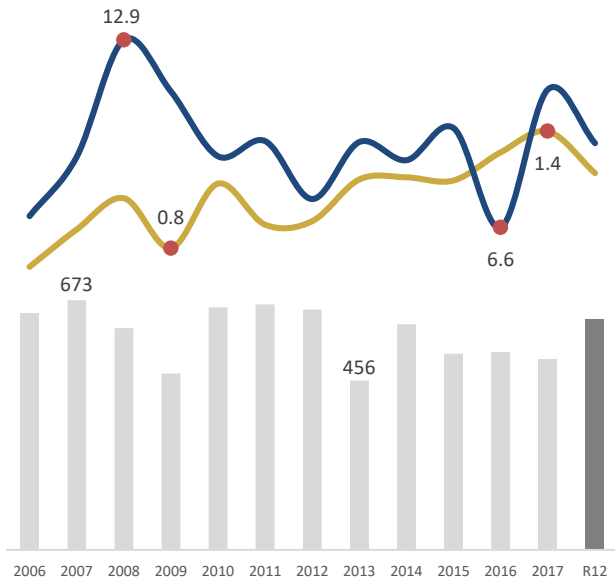
➤ Industrials



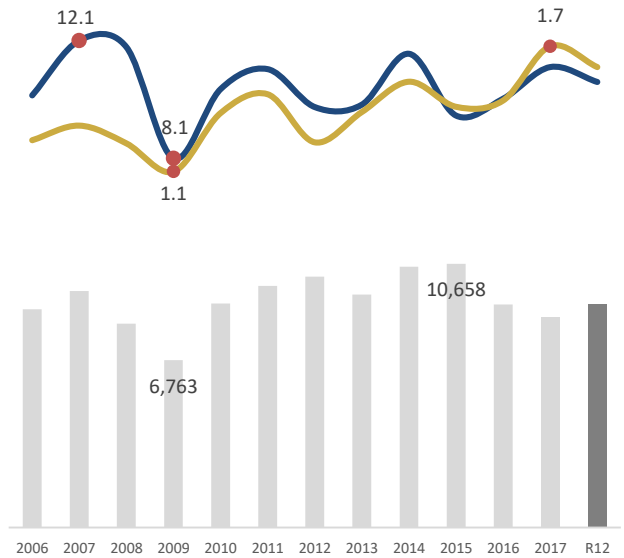
➤ Information Technology



➤ Materials



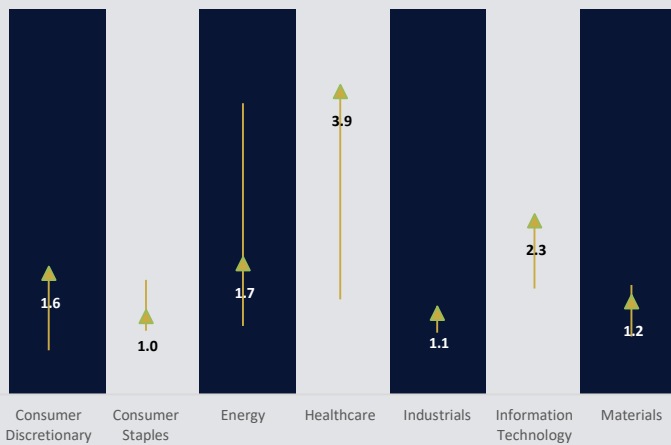
➤ Overall



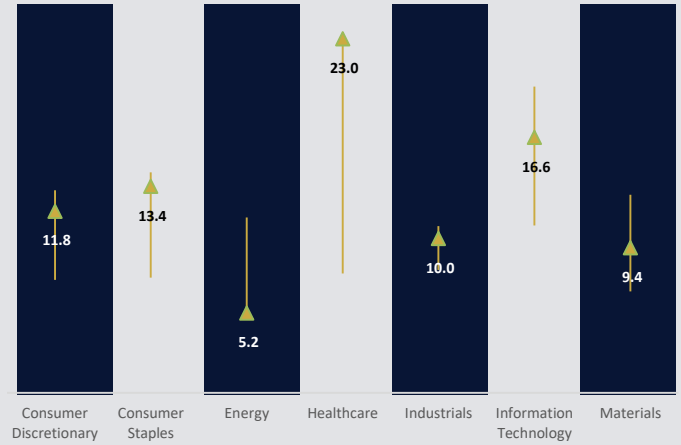
CONTINUED

STRENGTH ACROSS MOST SECTORS HEADING INTO 2H 2019

➤ Middle Market Revenue Multiples by Sector



➤ Middle Market EBITDA Multiples by Sector



NOTEWORTHY TRANSACTIONS...

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
6/5/2019	Vilex in Tennessee, Inc. / Orthex, LLC	OrthoPediatrics Corp. (NasdaqGM:KIDS)	Health Care Equipment	\$60	5.07x	-

Buyer, a medical device company focused on orthopedic conditions in children, entered into an agreement to acquire Target for \$60 million. Target is a manufacturer of orthopedic extremity solutions, specializing in devices for foot and ankle, pediatrics, deformity correction, and reconstructive surgery. The total purchase price consists of \$50 million in cash and 0.25 million shares of Buyer common stock, valued at \$10 million. From the \$50 million cash, \$3 million will be deposited into escrow for up to 20 months for potential obligations and closing adjustments. The transaction will be financed by Buyer through a combination of \$20 million cash on hand and \$30 million in new debt, with debt provided by Squadron Capital.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
6/13/2019	Albeck Gerken, Inc.	Iteris, Inc. (NasdaqCM:ITI)	Diversified Support Services	\$11	1.33x	5.37x

Buyer, a worldwide provider of intelligent transportation systems technology solutions, entered into an agreement to acquire Target for \$11 million. Target provides a variety of engineering, operations, and development services focused on traffic operations and transportation system management and operations. The purchase price consists of \$6.2 million to be paid in cash, with the remaining \$4.5 million of consideration in the form of Buyer common stock. For possible indemnification and other post-closing obligations, \$0.6 million in Buyer common stock consideration will be placed in escrow for 18 months. Additionally, as retention bonuses, Buyer will grant \$1.7 million in restricted stock to key Target management, as well as \$0.6 million in cash to other key employees, both vesting over 3 years after closing. Buyer intends to fund the acquisition through proceeds from an offering.

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
6/14/2019	Mobiquity Inc.	Hexaware Technologies, Inc.	IT Consulting and Other Services	\$182	2.6x	-

Buyer, a leading provider of IT, BPO, and other consulting services, entered into an agreement to acquire Target for \$182 million. Target is a customer experience consulting firm, providing experience design, product engineering, cloud, and analytics services to leading brands across a variety of industries. The transaction is all cash, with \$131 million paid upfront and the remaining \$51 million as deferred payment, to be paid if certain metrics are achieved. Buyer intends to finance the acquisition through both cash on hand as well as external borrowings. R Srikrishna, Buyer CEO, stated, "Mobiquity strengthens two of our key strategic offerings: Cloudify Everything and Customer Experience Transformation. We are seeing a strong demand for these capabilities and, with this acquisition, we will be able to further accelerate our contributions to our customers' business growth."

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
6/20/2019	Creative Genius, Inc.	Vera Bradley, Inc. (NasdaqGS:VRA)	Apparel, Accessories and Luxury Goods	\$98	1.79x	8.94x
<p>Buyer, a leading designer of women's handbags, travel items, and accessories, entered into an agreement to acquire 75% of Target for \$98 million. Target is a lifestyle brand, designing and manufacturing bracelets, anklets, clutches, beach towels, and other accessories. Of the total consideration, \$75 million will be paid in cash, with an additional \$23 million in earn-out cash consideration if certain calendar year 2019 performance targets are achieved. Buyer has the right to purchase the remaining 25% stake in Target 5 years post-closing. Buyer intends to fund the acquisition through existing cash and investments. Robert Wallstrom, Buyer CEO, stated, "We have many similarities in our value-based cultures, in our authentic brands, and in our devoted customer bases and emotional customer connections. We will provide each other invaluable support as we grow our brands together."</p>						

Announcement	Target	Buyer	Target Industry	Size (\$mm)	Revenue Multiple	EBITDA Multiple
6/26/2019	Kaman Industrial Technologies Corporation	Littlejohn & Co. LLC	Trading Companies and Distributors	\$700	0.64x	10.55x
<p>Buyer, a Connecticut-based private equity firm, entered into an agreement to acquire Target from Kaman Corporation (NYSE:KAMN) (Seller) for \$700 million. Target, the distribution segment of Seller, is a distributor of industrial parts to the worldwide MRO and OEM markets, distributing a wide range of items, such as bearings, gearing, hose and fittings, industrial chemicals, among many others. All of the \$700 million consideration will be paid in cash. In case of termination, Buyer will be required to pay a termination fee of \$35 million. Tony Miranda, Buyer's Managing Director, stated, "We have long admired Kaman Distribution, a market-leading provider of products and solutions to its customers as well as a trusted partner to its suppliers, and look forward to working closely with management to further invest in the business and drive growth, both organically and via acquisition."</p>						

Notes: Middle Market defined as all M&A activity between \$10 million - \$1 billion in transaction value. EBITDA and Revenue multiples are based on median observations and calculated for disclosed transactions only. Our data includes majority sales and excludes Financials, Telecommunication Services and Utilities sectors. Starting September 2016, trailing 12 month data also includes transactions that have been announced but not yet closed. Data Source: PierCap Partners, S&P, CapitalIQ. Disclosure: The M&A Middle Market Insights publication is intended for private use of the recipient, for informational purpose only, and to provide an overview of certain information relating to the Middle Market Mergers & Acquisition market. This is general information only and is not a substitute for any professional advice or services, nor should it be used as a basis for any decision or action that may affect your business, or construed as containing advice or recommendation. The information provided herein is based on data obtained from certain sources we consider accurate and reliable, but we do not represent as to its accuracy or completeness. Information and our opinions are as of date provided herein without any obligation to update the information. No part of this information may be copied, photocopied, or duplicated in any form by any means or redistributed without PierCap Partners, LLC's express written consent. Investment banking services offered through Independent Investment Bankers Corp., a registered broker-dealer, Member FINRA / SIPC. PierCap Partners, LLC and Independent Investment Bankers Corp. are not affiliated entities.



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